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*Attorneys for Debtors  
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation  
☒ Affects Pacific Gas and Electric Company  
☐ Affects both Debtors

*\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM).*

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11 (Lead Case)  
(Jointly Administered)

**STIPULATION BETWEEN THE  
DEBTORS AND AD HOC GROUP OF  
INTERCONNECTION CUSTOMERS  
TO PERMIT PAYMENT OF CERTAIN  
PASS-THROUGH AMOUNTS**

Related Docket Ref: Docket No.: 4400

[No Hearing Date Requested]

1 This stipulation and agreement for order (“**Stipulation**”) is entered into by Pacific  
2 Gas and Electric Company (the “**Utility**”), as debtor and debtor in possession in the above-  
3 captioned chapter 11 cases (the “**Chapter 11 Cases**”), on the one hand, and each of the  
4 Interconnection Customers of the Utility identified on **Schedule 1** hereto (the “**AHG of**  
5 **Interconnection Customers**”), on the other. The Debtors and each of the members of the AHG  
6 of Interconnection Customers are referred to in this Stipulation collectively as the “**Parties**,” and  
7 each as a “**Party**.” The Parties hereby stipulate and agree as follows:

#### 8 **RECITALS**

9 A. On January 29, 2019 (the “**Petition Date**”), PG&E Corporation and the  
10 Utility (collectively, the “**Debtors**”) commenced the Chapter 11 Cases in the United States  
11 Bankruptcy Court for the Northern District of California (the “**Bankruptcy Court**”).

12 B. As of the Petition Date, the Utility was party to a number of three-party  
13 interconnection agreements (each an “**Interconnection Agreement**” and collectively, the  
14 “**Interconnection Agreements**”) among the Utility, the California Independent System Operator  
15 Corporation (“**CAISO**”), and the applicable interconnection customer party thereto (each an  
16 “**Interconnection Customer**”).

17 C. Pursuant to each of the Interconnection Agreements, the Utility is required  
18 to, among other things, reimburse the applicable Interconnection Customer for certain amounts,  
19 plus interest, advanced by the Interconnection Customer to the Utility for network transmission  
20 upgrades necessary to integrate the Interconnection Customer’s electrical generation or energy  
21 storage project with the Utility’s transmission system once the project has reached its commercial  
22 operation date (the “**Network Upgrade Reimbursements**”).

23 D. The Utility typically pays the Network Upgrade Reimbursements in  
24 quarterly installments (or some other mutually agreed upon schedule) over a five year period, as  
25 required under the applicable Interconnection Agreement and CAISO’s FERC-approved Open  
26 Access Transmission Tariff (the “**Tariff**”).

1 E. In accordance with the Tariff, the costs of the Network Upgrade  
2 Reimbursements are included by the Utility in its transmission rates after it has refunded the  
3 Network Upgrade Reimbursements to the applicable Interconnection Customer, resulting in the  
4 Utility recovering the full amount of the Network Upgrade Reimbursements, plus a return on such  
5 amounts.

6 F. The transmission rate case that the Utility is currently operating under for  
7 2019 contemplated payment of all of the currently outstanding Network Upgrade  
8 Reimbursements in 2019, and accordingly, if the Utility does not pay the outstanding Network  
9 Upgrade Reimbursements in 2019, the Utility would be required to true-up its transmission  
10 customers for any overpayments collected in rates on account of the Network Upgrade  
11 Reimbursements.

12 G. As a result of the commencement of the Chapter 11 Cases, the Utility  
13 suspended the payment of all Network Upgrade Reimbursements as it focused on stabilizing its  
14 operations as well as assessing its rights and obligations under its various agreements.

15 H. On October 22, 2019, the AHG of Interconnection Customers filed its  
16 *Motion and Memorandum of the Ad Hoc Group of Interconnection Customers to Compel*  
17 *Payment of the Pass-Through Amounts Withheld by Pacific Gas and Electric Company* (together  
18 with the Declarations filed in support thereof, the “**Pass-Through Motion**”) [Dkt. Nos. 4400-  
19 4405] seeking an Order (i) directing the Utility to remit all outstanding Network Upgrade  
20 Reimbursements and to honor future Network Upgrade Reimbursements as and when they  
21 become due and (ii) directing the Utility to forward certain test energy payments claimed by CA  
22 Flats Solar 150, LLC (the “**Test Energy Payments**”).

23 I. In addition to the Interconnection Customers that make up the AHG of  
24 Interconnection Customers, a number of the Utility’s other Interconnection Customers have  
25 contacted the Utility to discuss the status of the Network Upgrade Reimbursements throughout  
26 the Chapter 11 Cases.

1 J. The Utility currently owes approximately \$46 million (inclusive of interest)  
2 on account of accrued and outstanding Network Upgrade Reimbursements under all of its  
3 Interconnection Agreements for the period from the Petition Date through October 21, 2019.  
4 Quarterly payments going forward are estimated to be approximately \$9 million, with additional  
5 upcoming payments due to be made by the Utility on January 1, 2019 and April 1, 2020.

6 K. Counsel for the Debtors and counsel for the AHG of Interconnection  
7 Customers have met and conferred to discuss the relief requested in the Pass-Through Motion,  
8 and have reached an agreement (i) to resolve all matters with respect to the payment of Network  
9 Upgrade Reimbursements owed by the Utility under all Interconnection Agreements; and (ii) to  
10 address separately through other or further proceedings the portion of the Pass-Through Motion  
11 seeking relief with respect to the Test Energy Payments (the “**Test Energy Portion of the Pass-**  
12 **Through Motion**”).

13 L. The Official Committee of Unsecured Creditors and the Official  
14 Committee of Tort Claimants have each reviewed the Stipulation and have no objection to the  
15 agreements set forth herein or to entry of an Order approving the terms of the Stipulation.

16 **NOW, THEREFORE, UPON THE FOREGOING RECITALS, IT IS**  
17 **HEREBY STIPULATED AND AGREED, BY AND BETWEEN THE PARTIES,**  
18 **THROUGH THE UNDERSIGNED, AND THE PARTIES JOINTLY REQUEST THE**  
19 **COURT TO ORDER, THAT:**

20 1. This Stipulation shall have no force and effect unless and until approved by  
21 the Bankruptcy Court (the date of entry of an Order approving the Stipulation, the “**Approval**  
22 **Date**”).

23 2. Upon the Approval Date, the Debtors shall (i) as soon as reasonably  
24 practicable, and in all events no later than December 31, 2019, make payment to each  
25 Interconnection Customer for all undisputed Network Upgrade Reimbursements that are currently  
26 due and owing pursuant to the applicable Interconnection Agreement and (ii) timely pay all  
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1 Network Upgrade Reimbursements that become due and payable after the Approval Date in  
2 accordance with the applicable Interconnection Agreement and Tariff.

3           3.       The Parties agree to confer in good faith to determine as soon as reasonably  
4 practicable the dates and amounts on which the Network Upgrade Reimbursements due under the  
5 CA Flats Interconnection Agreement (as defined in the Narayanan Declaration filed in support of  
6 the Pass-Through Motion [Dkt. No. 4404]) are payable to CA Flats Solar 130, LLC and CA Flats  
7 Solar 150, LLC.

8           4.       For the avoidance of doubt, the relief granted herein shall apply with  
9 respect to outstanding Network Upgrade Reimbursements owed by the Utility as of, or that  
10 become due and payable after, the Approval Date under all of the Utility's Interconnection  
11 Agreements regardless of whether an Interconnection Customer is a member of the AHG of  
12 Interconnection Customers.

13           5.       Neither the terms of this Stipulation nor the payment of Network Upgrade  
14 Reimbursements pursuant hereto shall limit, expand, or otherwise modify any Party's rights under  
15 section 365 of the Bankruptcy Code with respect to each of the Interconnection Agreements, all  
16 of which rights are expressly preserved hereby.

17           6.       Within three (3) Business Days of the Approval Date, the AHG of  
18 Interconnection Customers shall withdraw the Pass-Through Motion (i) *with* prejudice with  
19 respect to the payment of Network Upgrade Reimbursements, and (ii) *without* prejudice with  
20 respect to the Test Energy Portion of the Pass-Through Motion. Nothing in this paragraph shall  
21 limit the rights of the AHG of Interconnection Customers to move to compel compliance with the  
22 provisions of this Stipulation and the Order approving it or to seek relief with respect to any  
23 continuing dispute regarding the Network Upgrade Reimbursements due under the CA Flats  
24 Interconnection Agreement.

25           7.       In connection with the withdrawal without prejudice of the Test Energy  
26 Portion of the Pass-Through Motion, each of the Utility and CA Flats Solar 150, LLC shall, and  
27 shall cause its legal counsel to, undertake a good faith effort to resolve the Test Energy Portion of  
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the Pass-Through Motion by no later than December 31, 2019. For avoidance of doubt, such undertaking shall not waive any of the Parties' rights with respect to the Test Energy Portion of the Pass-Through Motion or in any manner require the Parties to reach agreement on the merits of the Test Energy Portion of the Pass-Through Motion.

8. This Stipulation shall constitute the entire agreement and understanding of the parties relating to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter hereof.

9. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

10. The Bankruptcy Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation.

*[Signature Page Follows]*

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DATED: November 15, 2019

STOEL RIVES LLP

/s/ David B. Levant  
David B. Levant (*pro hac vice*)

*Attorneys for AHG of  
Interconnection Customers*

DATED: November 15, 2019

WEIL, GOTSHAL & MANGES LLP  
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/s/ Matthew Goren  
Matthew Goren (*pro hac vice*)

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